

Michigan's Awrey Bakeries faces closure

David Brown
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Late November, Awrey Bakeries in Livonia, Michigan, announced its plans to “fully and permanently close” by February 9 as part of its bankruptcy. If no buyer is found for the bakery in the meantime, its entire workforce will lose their jobs.

The bakery currently employs 203 workers, 157 of whom are represented by United Distributive Workers (UDW), Council 30. Like the much larger Hostess Brands, Awrey has been in financial trouble for the past decade and used the economy as leverage to extract concessions from its workers.

In 2005, the Awrey family sold the company they founded in 1910 in Chapter 11 bankruptcy proceedings for \$25 million. The bankruptcy sale was notable for leaving the company's creditors whole, paying 98 cents on the dollar. The workers didn't fare as well. According to one truck driver who spoke with the *Observer*, a local paper, he took a \$3.00 an hour pay cut following that bankruptcy.

In 2008, the new owners brought in Bob Wallace as the new president and CEO to streamline production. He pruned the product line and closed three of the company's warehouses, saving the company about \$2 million annually. His work in reducing costs warranted a glowing article in *Crain's Detroit Business*, headlined “Turnaround on rise as Awrey marks its 100th” in 2010.

The decline in the bakery comes through clearly in its employment figures. In 1995, Awrey was a major employer in Livonia with around 650 employees. In the middle of Wallace's “turnaround” in 2010, Awrey had around 300 workers. Two years later, on the verge of closing, there are only 200.

Every step of the restructuring, since the first bankruptcy, has aimed to squeeze more production from a smaller, more poorly paid workforce. After Awrey filed for bankruptcy in May this year, the UDW agreed to a \$1.00-an-hour pay cut with another 85 cent

cut in September.

As with Hostess Brands' bankruptcies in 2004 and 2012, concessions agreed to by the unions only facilitated further demands from Wall St. bankers seeking larger profits through asset stripping and cutting labor costs. Far from saving jobs, the concessions these unions agreed to only convinced the bosses that they could take even more without a fight.

In the case of Hostess, the Bakery, Confectionary, Tobacco Workers and Grain Millers (BCTGM) union supported the sale of Hostess Brands, arguing that new management could solve the company's problems. Far from being a case of individual mismanagement, the global economic crisis has brought out ever more open parasitism from the financial elite.

“The way it works is these holding companies come in, strip the company bare and leave us out in the cold,” said one Awrey worker, Tim. “We went through bankruptcies in 2005 and again last May. Each time our pay gets cut. This time Wallace was supposed to come in and save us, but it's just been more of the same. It's not just happening here either. More and more they swoop into companies like this, take everything that's valuable and shut it down.”



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